

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 AGR-10 SSO-00 SS-15 SP-02 L-03

AID-05 IGA-02 NSC-05 CIAE-00 INR-07 NSAE-00 OMB-01

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O 051410Z MAR 76

FM AMEMBASSY LISBON

TO SECSTATE WASHDC IMMEDIATE 6235

UNCLAS LISBON 1426

E.O. 11652: N/A

TAGS: EAGR, PO

SUBJ: CCC CREDITS

DEPARTMENT PASS AGRICULTURE FAS/CEP F.A. WOODLING

REF: STATE 53283

1. AS REQUESTED REFTEL., FOLLOWING IS LETTER FROM MINISTER OF
FINANCE SALGADO ZENHA TO THE AMBASSADOR.
ORIGINAL TEXT WAS WRITTEN IN ENGLISH.

DEAR MR. AMBASSADOR

YOU ARE CERTAINLY AWARE OF THE BALANCE OF PAYMENTS PROBLEMS
RAISED BY THE ADJUSTMENT OF THE PORTUGUESE ECONOMY BOTH TO
EVENTS THAT ACCOMPANIED IN THE ECONOMIC FIELD THE SOCIAL
CHANGES OCCURED IN THIS COUNTRY AFTER THE APRIL 1974 REVOLUTION
AND TO UNFAVORABLE EXTERNAL FACTORS THAT HAVE BEEN EXERTING
THEIR INFLUENCE SINCE LATE 1973.

THE PORTUGUESE GOVERNMENT, THEREFORE, HAS BEEN TRYING TO
FINANCE THE BALANCE OF PAYMENTS GAP AS FAR AS POSSIBLE THROUGH
CAPITAL IMPORTS. MY GOVERNMENT HAS IN THIS RESPECT COUNTED
FUNDAMENTALLY ON THE POSSIBLE SUPPORT BY FRIENDLY NATIONS.

IN THIS CONTEXT IT MUST BE RECOGNIZED THAT WE HAVE HAD
ON THE PART OF THE AMERICAN INTERLOCUTORS A VERY CLEAR
UNDERSTANDING OF THE PROBLEMS THE PORTUGUESE ECONOMY IS

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CURRENTLY FACING, WHICH LED TO THE GRANTING BY THE UNITED

STATES AUTHORITIES OF A VARIED AND SIGNIFICANT FINANCIAL ASSISTANCE. REFERENCE SHOULD ESPECIALLY BE MADE TO THE AID BEING PROVIDED FOR LOW-INCOME HOUSING PROJECTS. AND I AM MOST CONFIDENT THAT SOME SUPPORT WILL ALSO COME THROUGH THE PL 480 MECHANISM, A MATTER THAT IS NOW BEING DEALT WITH. THE AIM OF THIS LETTER IS TO PRESENT TO YOU A LIST OF NEEDS OF AGRICULTURAL PRODUCE WE THINK COULD BE MET THROUGH IMPORTS FROM THE UNITED STATES (SEE ATTACHED SCHEDULE), FOR THE FINANCING USUALLY PROVIDED BY COMMODITY CREDIT CORPORATION.

I AM, THEREFORE, ASKING YOU, MR. AMBASSADOR, TO LET ME KNOW AT CONVENIENCE TO WHAT EXTENT AND IN WHAT TERMS THE USE OF SAID KIND OF FUNDS COULD BE MADE AVAILABLE TO PORTUGAL, AT THE SAME TIME REQUESTING YOU TO DO YOUR UTMOST TO THE EFFECT THAT THE TOTAL AMOUNT OF THIS TYPE OF CREDIT TO BE ALLOWED TO MY COUNTRY BE CLOSE TO THE GLOBAL VALUE OF THE AGRICULTURAL IMPORTS TO COME FROM THE UNITED STATES IN THE COMING MONTHS AND THE TERMS OF THIS SUPPORT BE THE MOST LIBERAL GRANTED UNDER THE SCHEME.

THANKING YOU IN ADVANCE FOR YOUR VALUABLE CO-OPERATION IN THIS MATTER, PRAY ACCEPT, MR. AMBASSADOR, MY BEST REGARDS.

YOURS SINCERELY,

(SIGNED) FRANCISCO ZENHA

2. TABLE CONTAINED IN ATTACHMENT TO LETTER WAS PROVIDED BY LISBON 543.
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Margaret P. Grafeld
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